

LETTER

FROM

E. D. BAKER, OF ILLINOIS,
1811 - 1861
TO HIS CONSTITUENTS,

ON THE SUBJECT OF THE

ENGLISH CORN LAWS.

To the People of the Seventh Congressional District of Illinois:

FELLOW-CITIZENS: The recent indications of a change in the policy of Great Britain, by a repeal or modification of the "Corn Laws," have naturally excited a great degree of public attention. It is thought to be a matter of peculiar importance to the West, as a grain-growing country, and I have thought proper to address my constituents a letter upon the subject. It is possible that I may embody some information which may not be entirely useless to them; and, at any rate, it may serve to remind them that I am not regardless of their interests.

The late arrivals from England announce an intention on the part of the British Ministry to modify immediately, and ultimately to repeal, the restrictions upon the introduction of foreign grain into England. I think there is no reasonable doubt that this intention will be carried into effect. I desire to examine the probable result of this change upon the interests of our people, and I shall therefore present here a sketch of the English "Corn Laws." The actual duty at present on wheat and flour is levied by what is called the "Sliding scale," and is as follows:

When flour per barrel is worth \$7 65 and under.....	the duty is \$3 00
7 65 and under 7 80.....	" 2 85
7 80 and under 8 25.....	" 2 70
8 25 and under 8 40.....	" 2 55
8 40 and under 8 55.....	" 2 40
8 55 and under 8 70.....	" 2 25
8 70 and under 8 85.....	" 2 10
8 85 and under 9 00.....	" 1 95
9 00 and under 9 15.....	" 1 80
9 15 and under 9 30.....	" 1 65
9 30 and under 9 45.....	" 1 50
9 45 and under 9 60.....	" 1 35
9 60 and under 9 75.....	" 1 20
9 75 and under 9 90	" 1 05
9 90 and under 10 35.....	"90
10 35 and under 10 50.....	"75
10 50 and under 10 65.....	"60
10 65 and under 10 80.....	"45
10 80 and under 10 95.....	"30
10 95 and over	"15

Duty on wheat and flour imported into England from Canada.

Whenever wheat per quarter is worth \$13 20 and under	the duty is \$1 20
13 20 and under \$13 44	" 96
13 44 and under 13 68	" 72
13 68 and under 13 92	" 48
13 92 and over	" 24

Whenever flour per barrel is worth \$8 25 and under	the duty is \$0 75
8 25 and under \$8 40	" 60
8 41 and under 8 55	" 45
8 55 and under 8 70	" 30
8 70 and over	" 15

It may be well to remark here, that, according to present prices, the duty on flour is three dollars a barrel—the Liverpool price varying from twenty-nine to thirty shillings.

The immediate alteration proposed is as follows:

That, until the 1st day of February, 1849, the following duties shall be levied on flour, if imported from any foreign country: Whenever the average price of flour, made up and published in the manner required by law, shall be for every barrel—

Under \$6 60	the duty shall be \$1 38
Over 6 60 and under \$6 73	" 1 25
6 73 and under 6 87	" 1 10
6 87 and under 7 01	" 97
6 91 and under 7 15	" 83
7 15 and under 7 28	" 70

And that, whenever the price of flour, made up and published in the manner required by law, shall exceed \$7 28, there shall then be an invariable duty of fifty-six cents per barrel.

This ratio of duty is to obtain until February, 1849, when the duty will become merely nominal. It will be observed, then, that at the present price of flour in England, the duty under the proposed reduction would be about one dollar and twenty-five cents, instead of three dollars; that, as the prices rise, the duty would fall much more rapidly than it now does; and that, while by the law, as it now stands, the duty on a quarter or eight bushels of wheat, when the price is fifty-three shillings, would be about seventeen shillings; by the proposed alteration, it will only be four shillings, or about eighty-eight cents.

It certainly appears, upon a view of these facts, as if the proposed reduction of the rate of duties upon wheat and flour would be favorable to our interests as producers. And if these were the only facts necessary to be considered, the conclusion would be a reasonable one; but I apprehend that many other things must be taken into the account, and some of which, I venture to suggest.

Let us inquire, in the first place, as to the nature and extent of the demand for wheat and flour in Great Britain. The estimated annual consumption of Great Britain may be stated at one hundred and twenty-eight millions of bushels of wheat, of which, one hundred and fourteen millions may be safely stated to be produced at home, leaving, on the average, for any given number of years, certainly less than fourteen millions of bushels to be supplied by importation. In 1843, for instance, the amount imported was about twenty-three millions of bushels; but that was nearly double the importation of 1831. It must be observed, also, that a comparison of imports for any period of ten years will show an increase of consumption over average production, keeping pace, no doubt, with the increased number of persons engaging in manufacturing pursuits, and the rapid advance of the manufacturing districts in England; but it must also be remembered, that of the twenty-three millions of bushels sent to England in 1843, Prussia and Germany alone furnished over fourteen millions;

and that, even in 1844, the whole export of the United States did not much exceed seven millions of bushels ; and that, so far from contributing to the supply of Great Britain, in any great quantity, we sent in that year 280,000 barrels of flour, or 1,400,000 bushels of wheat, to Brazil alone, while our whole export to England direct did not exceed 950,000 bushels.

It is expected, however, that the reduction of the duty will cause an increase of consumption by lowering the price ; and that when the price of wheat shall fall, the production in Great Britain will be lessened, consequently increasing the necessity for importation. There is no doubt more bread will be eaten in England when the price is low than when it is high ; but it must also be remembered, that the increase of consumption so caused has a natural and not very wide limit, and accordingly we find, that although a short crop raises the price of wheat suddenly, yet the demand is soon supplied by importation, and the fall of the market again makes the duty prohibitory ; while a succession of plentiful seasons, or even a single abundant harvest, not only brings down the price of grain at home, but may even authorize its exportation. If, then, there should be no duty whatever upon wheat and flour, the demand, regulated by natural causes, must cease at the point where the wants of the population are supplied ; and whatever the policy of the Government may be, no change can materially increase the consumption of the whole nation for any given period of time.

I am not, of course, able to suggest with any great confidence the result of the repeal of the corn laws upon the agricultural production of England. I think, however, that any expectation of a material reduction in the quantity produced will prove unfounded. The lands of England are owned by the aristocracy. I believe it will be found that the arable land is divided among less than 15,000 persons. Now, taking it for granted that the reduction of the duties will lower the price, it is obvious to me that the principal effect of the decreased value of the article may be to lessen the worth of the land, and to diminish the rent paid to the great landholders, but not to decrease the quantity produced. The agriculture of England is the result of scientific improvement and well directed capital. It is a fixed investment. There may be some persons who may change their pursuits ; there cannot be much change in the use of capital already vested. There is, therefore, not much reason for supposing that any change, or even repeal, of the corn laws, will lessen materially the quantity of wheat produced in Great Britain, or that it will increase the average importation. If, then, there is no good reason to suppose that the proposed change in the British corn laws will materially increase the demand for wheat and flour, let us next examine how the reduction of duties is to affect our exports. It is imagined by many persons that a decrease of the duty will lower the price to the extent of such decrease ; it being often argued, that the duty is a tax upon the consumer. There can be no doubt, that as England cannot raise grain enough in any given series of years to supply her population, that the true principle of protection does not apply to breadstuffs in that country ; for as no encouragement to agriculture can supply the demand for home consumption, the duty may be considered as a bounty to the landed interests. I need not stop to point out the difference, when the energies and resources of a country are yet undeveloped, and when the protection to the home manufacture creates competition in skill and investment of capital, and competition reduces the price ; these are subjects which I do not pretend to discuss ; but I may remark, that

whatever may be the effect of the reduction of the duty on the price in England, there are strong reasons why the change will not benefit us.

In the first place, our export of wheat and flour, does not keep pace with the increase of our population :

Year.	Crop—bushels.	Percent. exported.	Population.	Proportion to each inhabitant.
1780	17,000,000	28	3,929,328	4.36
1800	22,000,000	15	5,309,758	4.15
1810	30,000,000	14½	7,239,166	4.16
1820	38,000,000	15½	9,638,903	3.95
1830	50,000,000	12¾	12,866,020	3.9
1840	80,000,000	14	17,068,666	4.7

In the next place, although we have actually enjoyed a decided and great advantage in furnishing wheat and flour to England over all other nations, we have not been able to compete with the north of Europe.

It will be observed, that, in 1844, while we have exported about 950,000 bushels of wheat directly to England, we have exported to the British American Colonies twenty-one hundred thousand. The reason of this may be worth attention. By Sir Robert Peel's sliding scale, it will be seen that the duty on wheat or flour sent from the United States to England would be nearly three dollars a barrel, at the price at this time ; while at the same prices, a barrel of flour from Canada would only pay seventy-five cents.

The effect of this has been to cause us to send our grain and flour to England by the way of Canada, at which place, it was, in 1844, allowed to enter at a nominal duty. We had then, in 1844, a monopoly of the English market, or at least we had the opportunity of supplying the amount required at a much lower rate of duty than any other nation. Now, in the first place, of the fourteen millions of bushels imported into England, we furnished but a little over three millions, and the rest, or about eleven millions, was supplied by the Baltic and the Mediterranean. Let me give one or two facts :

In 1838, England received from Prussia 4,376,600 bushels of wheat; in 1839, 5,837,416 bushels; in 1840, 6,158,356 bushels. She received from Germany in 1838, 2,455,675 bushels; in 1839 and 1840, still more than in 1838. I have no means of knowing the exact amount in 1844; but we may know the extent of the supply from those and other countries in the north of Europe, by remembering that our own export was only about three millions of bushels—either to Canada or England. If, then, with all the advantage arising from the course of trade through Canada, and the low colonial duty upon wheat sent from thence to England, we have only sent three millions out of the fourteen millions which Great Britain imports, what will be the state of the trade when the duty is equalized, and when Prussia, Germany, Holland, Russia, and the Mediterranean, can furnish grain upon the same terms with ourselves?

In the second place, the quantity of wheat which can be furnished from the places I have mentioned is not only large, but greater than the demand ; stating it as I have at an average of fourteen millions of bushels. In 1841, the British Government made inquiries of their consuls and agents abroad as to "what quantity of grain could be exported to England from the different places men-

tioned below, if the wheat trade in England were constantly open at a moderate duty." The following table contains the substance of their replies:

St. Petersburg,	- - - - -	1,540,000 bushels.
Lisbon,	- - - - -	240,000 "
Odessa,	- - - - -	1,400,000 "
Warsaw,	- - - - -	2,400,000 "
Stockholm,	- - - - -	8,000 "
Dantzic,	- - - - -	2,520,000 "
Konigsberg,	- - - - -	520,000 "
Stettin,	- - - - -	2,000,000 "
Memel,	- - - - -	47,712 "
Elsinore,	- - - - -	1,400,000 "
Hamburg,	- - - - -	4,304,000 "
Palermo,	- - - - -	1,600,000 "
Riga,	{	No quantity stated.
Rotterdam,		
Antwerp,		

In addition to the above, the same places can export 7,298,072 bushels of rye, 6,820,532 bushels of barley, and 6,469,716 bushels of oats, annually, over and above what is requisite for their own consumption.

There can be no doubt entertained that these ports, nearer to England than our own, can afford an abundant supply of wheat and flour to meet her average consumption; and, as I have shown, they have actually supplied most of the demand ever since her production has not been sufficient for the population.

In the third place, the average price of wheat in the countries to which I have referred is lower than in our own; it is a fact which arises from the cheapness of labor. I quote a passage from Lord Ashburton's speech, delivered in Parliament, January, 1846, as follows:

"But the supply must not be expected from America; and we could not have a better proof of this than the fact, that, at this moment, American wheat could come here, through Canada, at a duty of four shillings; and yet, if the returns were examined, it would be found that nine-tenths of the foreign wheat in England was from the Baltic, though the duty on wheat from its shores was FIFTEEN SHILLINGS a quarter. This was entirely owing to the low price of labor in the north of Europe."

I also present a comparison of the prices in the north of Europe and in England, by which the cheapness of the article at the ports to which I have referred, will be clearly understood.

Average prices of Wheat per bushel in Prussia Proper, including Dantzic and Konigsberg.

In 1828,	- - - - -	\$0 80	- - - - -
1829,	- - - - -	0 88 $\frac{5}{8}$	- - - - -
1830,	- - - - -	0 81 $\frac{1}{8}$	- - - - -
1831,	- - - - -	1 08 $\frac{5}{8}$	- - - - -
1832,	- - - - -	0 93 $\frac{1}{2}$	- - - - -
1833,	- - - - -	0 70	- - - - -
1834,	- - - - -	0 65 $\frac{1}{3}$	- - - - -
1835,	- - - - -	0 63 $\frac{1}{4}$	- - - - -
1836,	- - - - -	0 58	- - - - -
1837,	- - - - -	0 62	- - - - -

Average prices of Wheat per bushel in London.

\$1 66 $\frac{1}{8}$
1 82 $\frac{1}{2}$
1 76 $\frac{3}{4}$
1 82 $\frac{1}{2}$
1 61 $\frac{1}{2}$
1 45 $\frac{1}{2}$
1 27
0 95 $\frac{6}{8}$
1 33 $\frac{3}{4}$
1 56 $\frac{1}{4}$

There is no doubt that a very considerable expense is necessary to get this grain to market; but, with every allowance for that expenditure, it will be seen that the competition in price will prevent us from becoming large exporters of wheat to England. The average price of wheat at Dantzic, for a series of years, may be stated at eighty-eight cents for the finest wheat, and that free on board the vessel; while at the same time of year the average at New York was certainly over a dollar. The average price at Archangel, Riga, and St. Petersburg, may be stated to be still lower—say seventy-seven cents; but it is possible the price of transportation may be somewhat higher. Amsterdam, Rotterdam, Hamburg, are also large depôts for wheat. I entertain little doubt that the reduction or repeal of the English duties will give a spur to the industry of the grain-growers of the north of Europe, and that both in quantity and price they will command the English market.

I desire to say here, however, that the remarks I have made upon this subject do not refer to the present season, which, on account of the failure of the crops and shortness of the harvest, may constitute an exception; but while I admit this, I wish also to say that this is itself an evidence of the uncertainty of the English market. In 1843, for instance, the importation was twenty-three millions of bushels; in 1836, it was only two hundred and forty thousand bushels. It depends upon the season and the harvest; and while I have stated the average importation at fourteen millions of bushels, I desire it to be understood that this is a large estimate, and that it embraces a series of years. The uncertainty of the English market must render it a poor one, if the other causes to which I have alluded had no existence.

It has been shown that our export in 1844 was about 7,300,000 bushels to all countries, and only about 3,000,000 to Great Britain. It is proper to suggest here, that the New England States alone consume at least 7,000,000 of bushels more than they produce—an amount equal to our whole export. Nor should it be forgotten that, while the English prices are fluctuating in the extreme, the home prices are comparatively regular. In 1817 and 1818, more than 21,000,000 of bushels of wheat were imported into England. In 1820, they had a surplus of 22,000,000 of bushels above the home demand.

In December, 1835, the price of wheat was ninety-seven cents a bushel, and in January, 1839, it was two dollars and twenty-six cents; being a difference of about one hundred and twenty-nine per cent.

The consumption of our country may be safely stated to be a hundred millions of bushels. I give a table, which, though under the true estimate, will present what is probably near the proportionate increase during the different periods:

Year.	Crop—bushels.	Per cent. export-ed.	Population.	Proportion to each inhabitant.
1790	17,000,000	28	3,929,328	4.36
1800	22,000,000	15	5,309,758	4.15
1810	30,000,000	14 $\frac{1}{2}$	7,239,903	4.16
1820	38,000,000	15 $\frac{1}{2}$	9,638,166	3.95
1830	50,000,000	12 $\frac{3}{8}$	12,866,020	3.9
1840	80,000,000	14	17,068,666	4.7

From these facts, and many others bearing upon the same subject, which I

am not able to incorporate in this letter, I have arrived at the following conclusions:

1st. That the British wheat market has not required more than fourteen millions of bushels of wheat from abroad, upon an average of any long series of years.

2d. That a reduction of the duties will not materially diminish the amount produced by their own agriculture.

3d. That the quantity consumed will not be largely increased.

4th. That the market, both as to quantity and price, must be an unsteady, and therefore a poor one.

5th. That a reduction of the duty destroys the monopoly which we have enjoyed, in consequence of the trade through Canada.

6th. That the reduction of duties gives a great advantage to the wheat-growing countries on the Mediterranean and in the North of Europe, beyond what they have previously enjoyed in competition with us.

7th. That as, notwithstanding the advantages in our favor, these countries have supplied Great Britain with the larger portion of wheat imported, so they will furnish a still larger proportion when the duties are reduced.

8th. That the market created by our own domestic consumption is steadier, broader, and in every sense more profitable, than any other.

I repeat, in order not to be misunderstood, that the statements of this letter are not intended to apply to this particular year; because the scarcity all over Europe may constitute an exception to the general rule. Nor do I design these views to apply to any other of our productions than wheat. It may possibly be true that the proposed change in the rate of duties in England may increase the demand for Indian corn, pork, and beef. I have not been able to examine the facts as to these articles, and therefore I express no opinion.

But of one thing I am sure, and with that remark I shall close this letter: The English Ministry have been driven by necessity to the course which they propose; it is a measure which is prompted by an exclusive regard for their own interests, and not by any consideration for ours.

It is not the result of our policy, either past or proposed; and whoever shall hold up their practice as a guide for us to follow, will prove that he forgets the difference in the age, the circumstances, the resources of the two countries; in short, that he is regardless of all the reasons which should induce us wisely to avail ourselves of the change, without either feeling the necessity or following the example.

I am, most respectfully, your fellow-citizen,

E. D. BAKER.

WASHINGTON, February 27, 1846.

